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Billing Alert for Long-Term Care

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Ancillaries: They aren't just 'extras' on the UB-04

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Is gathering all the information about ancillary services for Part A residents really necessary? Or is it just busy work?

Ancillary charges, including those from outside vendors, need to be included on the skilled nursing facility (SNF) Part A UB-04 for a number of reasons. In this article, we'll review the requirements to do so, then we'll explore ways to make the process smoother.

First, the Centers for Medicare & Medicaid Services (CMS) requires that SNF Medicare Part A claims include all the costs for a resident's stay. Under consolidated billing for SNFs, the Medicare PPS per diem is expected to cover the costs of all the care for the resident, with only a few specific excluded items. And the current *Conditions of Participation* for SNFs expect that all services provided to the SNF resident are the responsibility of the SNF.

… under SNF PPS all Medicare covered Part A services that are considered within the scope or capability of SNFs are considered paid in the PPS rate. In some cases this means that the SNF must obtain some services that it does not provide directly. Neither the SNF nor another provider or practitioner may bill the program for the services under Part B, except for services specifically excluded from PPS payment and associated consolidated billing requirements. (*Medicare Claims Processing Manual,* Chapter 6, Section 10)

Under the consolidated billing requirement, the SNF must submit ALL Medicare claims for ALL the services that its residents receive under Part A, except for certain excluded services described in §§20.1 – 20.3 … (*Medicare Claims Processing Manual,* Chapter 6, Section 10.1)

(h) Use of outside resources. (1) If the facility does not employ a qualified professional person to furnish a specific service to be provided by the facility, the facility must have that service furnished to residents by a person or agency outside the facility under an arrangement described in section 1861(w) of the Act … (SNF *Conditions of Participation, 42 CFR* §483.75)

Second, even though the SNF Part A services are no longer reimbursed based on cost, the charges that are

submitted per resident on the UB-04 ultimately are what Congress uses to evaluate and determine what the actual costs are for the SNFs. Omitted ancillaries artificially reduce the reported cost of nursing facility care as the ancillary cost is not being captured—on a national basis, it will look as if the costs nationwide are lower than they really are. This situation does not benefit any SNF provider. When making recommendations to Congress regarding the payment rates for SNFs, the Medicare Payment Advisory Commission routinely reviews Medicare margins based on data submitted on cost reports and uses that to determine whether SNFs' rates are high enough. Since we have no other way to show Congress the true costs of caring for our residents, we need to include the ancillaries on the claims.

Finally, if the claim is selected for a medical review and ancillaries are omitted but the services are reported on the MDS, a red flag might be raised and the reviewer may question if the services were actually performed. The ancillaries billed on the claim in many cases act as support for the RUG rate. When submitting documentation for review, it is important that all sources match, including the UB-04. Discrepancies can lead to denials or reductions in payment.

Tips for improving vendor communication

Although we're required to include outside ancillaries on our UB-04s, getting the charges onto our claim can be a challenge. Late invoices lead to either late billing or the need to submit an adjustment claim later. If your business office finds itself facing billing delays due to lack of charge information from vendors, there are some tricks to try to speed things up.

First, review your contract with your outside suppliers. What time frame does the contract indicate for the facility to receive the monthly billing charges? If you have no contract or there isn't a time frame in the existing contract, approach the company to revise or issue a contract with a requirement to supply the invoice to the facility no later than the fifth business day of the month. Also, consider the method by which you receive the invoice. If it is coming via U.S. Postal Service, ask to

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have the invoice faxed directly to the business office or sent via a secured email. See the section below detailing Health Insurance Portability and Accountability Act (HIPAA) security issues with email and faxes.

Sometimes all it takes is knowing the right person to talk to. Speak with your vendors; if you have an account representative, it may be beneficial to discuss that you are receiving your invoices late. Due to your existing relationship, the rep may be able to expedite the process by putting you in touch with the right person at the company or stepping in on your behalf.

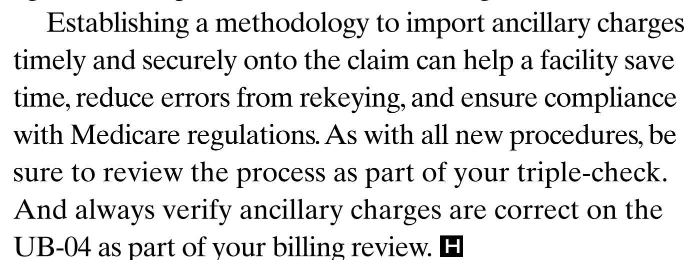
If delays arise because of the time required to rekey invoices into your billing software system, consider asking the vendor to supply you with an electronic file that is compatible with your billing software and can be imported directly into your system. Start by asking your software vendor for a list of compatible file types and instructions for importing the files. Then determine with your vendors which ones can provide you with a file.

HIPAA security issues

The transfer of charge information from a vendor to the facility for billing purposes is allowable under the HIPAA regulations; however, that information must be maintained in a secure format. Protected health information (PHI) includes patient name, charge amounts, diagnosis, procedures, and much more information found in a vendor invoice. PHI can always be shared for purposes of treatment, payment, and healthcare operations. All PHI that is being transferred electronically (including computer fax) must be maintained in a secured format. Unsecured PHI is defined by the Department of Health and Human Services as PHI that is "not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology."

To be secure, data should be password protected, encrypted, or only transmitted via a secure portal. Many of the data file formats that can be imported directly into billing software are in a format which does not allow password protection. The first step is to check with your software company for recommendations on protecting the files during the transfer process. But remember, the ultimate responsibility for the safety of the information lies with the facility and the vendor, not the software company.

A secure portal or shared cloud storage transfer may be the best option for facilities. Billing offices need to work with their IT professionals to determine which cloud storage vendors meet the HIPAA security requirements, since not all cloud storage is HIPAA compliant. Be sure to ask questions and to have a business associate agreement in place with the cloud storage vendor.



Establishing a methodology to import ancillary charges timely and securely onto the claim can help a facility save time, reduce errors from rekeying, and ensure compliance with Medicare regulations. As with all new procedures, be sure to review the process as part of your triple-check. And always verify ancillary charges are correct on the UB-04 as part of your billing review.

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